6/8/87 W4110-1

PENNSYLVANIA BUSINESS SURVEY

College of Business Administration The Pennsylvania State University **May 1987**

ECONOMY MEANDERS ON

Despite the second consecutive monthly gain in manufacturing job levels to go along with the continued strength in most nonmanufacturing industries during March, there appear to be enough question marks in the overall picture to temper excitement concerning the Pennsylvania economy's recent performance. As was the case in February, a major portion of manufacturing's apparent "strength" is attributable to the end of the USX work stoppage. After adjustment for normal seasonal variations, there were 1,037,800 jobs in Pennsylvania manufacturing establishments in March, up about 700 from the month before. Although the resumption of steel production at USX facilities is certainly welcome news, the resulting increase in jobs should not be interpreted as signaling a turn-around in manufacturing's fortunes. Even if the primary metals industry is ignored, manufacturing job levels during this year's first quarter were down about 16,000 from a year ago.

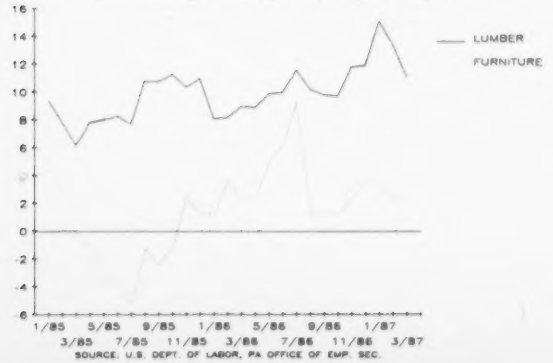
Output from the Commonwealth's steel mills also benefitted from the USX situation. On an average daily basis, production rose from a seasonally adjusted 19,900 tons per day in February to 24,000 tons in March. Still, production levels remain well below those which prevailed throughout the first half of 1986. There were 87,500 workers in Pennsylvania's primary metals industries in March, down from 95,300 a year ago.

On the other hand, **activity in the Commonwealth's nonmanufacturing sector appears to be quite healthy.** After adjustment for normal seasonal variations, the number of jobs in Pennsylvania's construction industry, 211,800 in March, surpassed the previous record of 211,400 set in March 1974. The true test of just how strong the construction-job picture is will come in the usually strong spring and summer months. Another indicator of construction activity, the value of contracts awarded, rose by more than $330 million after seasonal adjustment. Much of the gain is attributable to a surprising surge in the nonresidential building category. On the residential side, there was a gain of about $30 million, seasonally adjusted.

Residential construction activity has been quite strong for several months. This strength has spilled over into other construction-related industries. As shown in the accompanying chart, job gains in the lumber and wood products industry and in the household furniture industry have been quite healthy. This provides an excellent example of the "multiplier" principle in economics. Increased activity in one sector of the economy tends to spread elsewhere. Therefore, the net benefit to the economy from construction's health is some multiple of the initial stimulus.

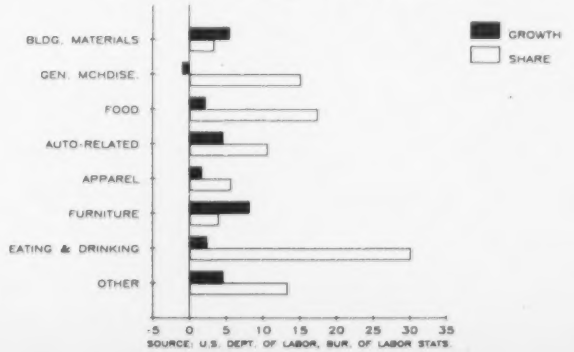
Elsewhere in nonmanufacturing, job growth in retail trade remained strong. There were 3,400 more workers in these establishments in March compared to February, leaving job levels at a seasonally adjusted 855,400, another record high. The accompanying chart provides a very brief overview of Pennsylvania's retail trade industry. Eating and drinking establishments account for the largest share of all jobs, about 30 percent. The food and general merchandise categories also account for relatively large shares. Last year, job gains were realized in all but the general merchandise group. Increased construction activity probably played a role in pushing job growth up in the furniture and building materials categories to the top two spots relative to the remainder of the industry.

PA JOB GROWTH IN CONSTRUCTION-RELATED INDUSTRIES
(percentage change from year ago)



SOURCE: U.S. DEPT. OF LABOR, PA OFFICE OF EMP. SEC.

RETAIL TRADE INDUSTRIES IN PA:
1985-1986 JOB GROWTH AND 1986 JOB SHARES
(by type of establishment; percent)

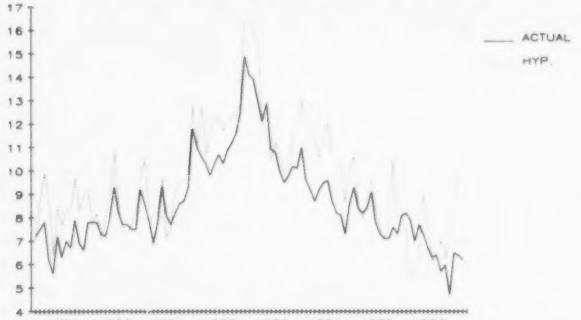


SOURCE: U.S. DEPT. OF LABOR, BUR. OF LABOR STATS.

Developments on the employment/unemployment front continue to suggest sluggishness in the overall economy. The unemployment rate rose 0.4 percentage point in March to a seasonally adjusted 5.9 percent as the number of residents counted as unemployed rose by about 20,000. Still, evidence suggests that there is a definite downward trend in unemployment. In March 1986, the unemployment rate stood at 7.6 percent.

However, as pointed out in several recent issues of the *Survey*, **the general improvement in the unemployment situation probably over-estimates the true health of the economy.** Employment has now declined in five of the past seven months. For the first quarter as a whole, employment was up a very modest 1 percent in Pennsylvania compared to 1986:IQ. Nationally, employment was up 2.3 percent.

PA ACTUAL AND "HYPOTHETICAL" UNEMPLOYMENT RATES
(percent; "hypothetical" rates assume the labor force grows at national rate)

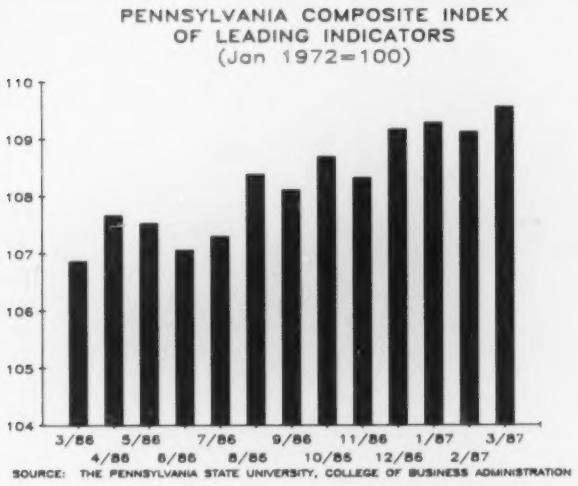


SOURCE: U.S. DEPT. OF LABOR; PSU, COLLEGE OF BUSINESS ADMINISTRATION

Economic Activity in Pennsylvania	UNADJUSTED DATA			SEASONALLY ADJUSTED DATA			SEASONALLY ADJUSTED INDEXES (1977 = 100)		
	1987		1986	1987		1986	1987		1986
	Feb.	*Mar.*	*Mar.*	*Feb.*	*Mar.*	*Mar.*	*Feb.*	*Mar.*	*Mar.*
Pennsylvania Industries									
All nonagricultural industries									
No. of wage and salary jobs (thous.)[1]	4,760*	4,808	4,711	4,852*	4,866	4,769	106.3*	106.6	104.5
Nonmanufacturing									
No. of wage and salary jobs (thous.)	3,731*	3,774	3,655	3,815*	3,828	3,709	118.4*	118.8	115.1
Mining	31	32	34	33	33	35	68.9	67.7	72.5
Contract construction	176*	188	170	206*	212	193	111.8*	115.1	104.9
Transportation	136	137	137	138	138	139	85.9	86.0	86.1
Public Utilities	104	104	101	104	105	102	103.4	103.9	101.1
Wholesale trade	264	266	256	267	268	258	120.6	121.0	116.5
Retail trade	824*	834	807	852*	855	828	118.8*	119.3	115.4
Finance, insurance & real estate	281	281	270	285	284	273	130.8	130.6	125.6
Service & miscellaneous	1,231	1,240	1,190	1,247	1,248	1,199	144.6	144.7	139.0
Federal government	138	140	140	139	140	140	108.3	109.3	109.3
State & local government	549*	553	551	542*	544	541	93.0	93.3	92.9
Manufacturing									
No. of wage and salary jobs (thous.)	1,027*	1,032	1,054	1,037*	1,038	1,060	77.3*	77.3	79.0
Durable goods	579*	584	601	586*	588	606	72.4*	72.6	74.8
Nondurable goods	448*	448	452	451*	450	454	84.7*	84.5	85.4
Ave. wkly. hrs. worked by prod. workers	40.5*	40.6	40.1	40.7*	40.5	40.1	102.9	102.6	101.5
Total wkly. person-hours worked (mils.)	28.0*	28.2	28.6	28.6*	28.4	28.8	74.4*	73.9	75.1
Total wkly. payroll (mil. dols.)	276.2*	278.1	277.7	279.8*	279.4	279.3	124.5*	124.4	124.3
Steel production (thous. tons)	628	895	1,074	n.a.	n.a.	n.a.	28.3	34.2	41.0
Industrial electric power sales (mil. kwh)	3,412	3,534	3,475	3,356	3,471	3,405	90.9	94.0	92.2
Mining									
Anthracite coal (thous. net tons)	337	389	260	422	421	280	86.4	86.3	67.3
Bituminous coal (thous. net tons)	5,205	n.a.	4,762†	5,690	n.a.	5,206†	80.7	n.a.	73.8†
Construction contracts awarded (mil. dols.)									
Total	488.4	1090.6	828.1*	808.1	1138.8	865.9*	251.2	354.0	269.1*
Residential building	173.8	363.9	308.7*	336.6	365.0	326.6*	239.2	259.3	232.0*
Nonresidential building	149.6	475.1	291.7*	247.1	548.2	344.7*	227.7	505.3	317.8*
Nonbuilding (utilities and public works)	165.0	251.6	227.8*	224.4	225.6	194.6*	309.6	311.3	268.5*
Employment of Pennsylvania Residents									
Employed, no. of persons (thous.)	5,078	5,106	5,188	5,249	5,199	5,285	109.2	108.2	110.0
Unemployed									
No. of persons (thous.)	349	340	447	305	325	432	76.1	81.0	107.7
Rate (percentage of labor force)	6.4	6.2	7.9						
Rate, seasonally adjusted				5.5	5.9	7.6			
Civilian labor force, no. of persons (thous.)	5,427	5,446	5,635	5,555	5,524	5,717	106.7	106.1	109.8
Initial claims for unemployment benefits	91,710	81,084	98,020	105,643	97,327	118,384	73.8	68.0	82.7

Consumer Prices, all items	Urban Indexes (1967 = 100) 1986-87		1986	Percentage Change	
	Feb.	*Mar.*	*Mar.*	*Month Ago*	*Year Ago*
U.S. city average	334.4	335.9	326.0	+0.4	+3.0
Philadelphia	329.0	329.4	319.1	+0.1	+3.2
Pittsburgh	335.2	n.a.	330.1†	n.a.	+1.5

[1] Total includes workers on strike. * = figure revised † = figure for February 1986 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.



Percentage of PA nonagricultural jobs accounted for by individual metropolitan areas, 1981 and 1987:IQ

	1981	1987:IQ
Allentown-Bethlehem	5.57	5.50
Altoona	1.04	1.01
Beaver County	1.59	1.04
Erie	2.35	2.26
Harrisburg-Lebanon-Carlisle	5.54	5.97
Johnstown	1.75	1.58
Lancaster	3.24	3.65
Philadelphia	40.76	44.22
Pittsburgh	19.07	17.51
Reading	2.93	3.04
Scranton-Wilkes-Barre	5.69	5.82
Sharon	0.98	0.83
State College	0.96	1.07
Williamsport	0.97	1.00
York	3.29	3.44

Source: PA Office of Emp. Sec., Dept. of Labor and Industry

March also brought with it a further reduction in the size of the labor force in Pennsylvania, the sixth decline in the past seven months. The fact that the labor force has been declining as of late and has not expanded nearly as fast as in the U.S. over the course of the past several years has played a considerable role in pushing down the unemployment rate in Pennsylvania. As shown in the accompanying chart, **had the State's labor force expanded at the national rate, our "hypothetical" jobless rate, for the most part, would have been a good deal higher than it actually has been.** Keep in mind that some "non-economic" factors, such as smaller natural increases in the population and an older workforce, have contributed to sluggish growth in Pennsylvania's labor force. However, there are some economic explanations as well. **A large number of people have left the State or simply dropped out of the labor force, probably because of a perceived lack of suitable job opportunities.**

There also appears to be a good deal of discrepancy across the various regions of Pennsylvania. As shown in the accompanying table, since 1981, **the share of all nonagricultural jobs accounted for by southeastern Pennsylvania has been on the rise relative to the rest of the State.**

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
July 1986	107.3	84.9	0.2	-0.2
August	108.4	85.2	1.0	0.4
September	108.1	84.9	-0.3	-0.4
October	108.7	84.5	0.6	-0.5
November	108.3	84.1	-0.4	-0.5
December	109.2	84.3	0.8	0.2
January 1987	109.3	84.7	0.1	0.5
February	109.1	84.5	-0.2	-0.2
March	109.6	84.3	0.5	-0.2

At the same time that one should not get too excited about the recent performance of the Pennsylvania economy, it is best not to be overly pessimistic, either. We have been generating a fair amount of jobs in our nonmanufacturing establishments and unemployment is on the decline. (As mentioned previously, however, caution should be exercised in interpreting this decline.) Indeed, the index of leading indicators points to a continuation of these trends, resulting in expectations for more modest, but uneven, growth ahead.

— William D. Anderson

Housing Permits Report

Residential construction activity in Pennsylvania remains on a surprisingly strong upward path. All told, 11,264 housing units were authorized in permit issuing places in the Commonwealth during the January-March period. This represents a gain of 43.4 percent from a year ago. Permits for single-family units were up 31.4 percent for the quarter. Pennsylvania's numbers continue to stack up well relative to the nation where the number of housing units authorized actually fell by 7.5 percent on an annual basis in the first quarter. On the single-family side, an 8.4 percent gain was recorded.

Pennsylvania housing units authorized in permit issuing places

	Total	Pct. change from yr. ago	Single units	Pct. change from yr. ago
1987:IQ	11,264	43.4	8,931	31.4
1986:IVQ	12,024	16.5	10,275	18.3

Source: U.S. Dept. of Commerce, Bureau of the Census

Value of Pennsylvania housing units authorized in permit issuing places (thousands of dollars)

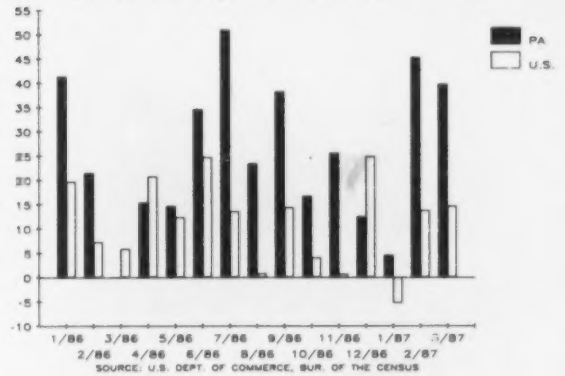
	Total	Pct. change from yr. ago	Single units	Pct. change from yr. ago
1987:IQ	670,900	63.0	584,829	54.1
1986:IVQ	703,553	30.2	647,290	33.1

Source: U.S. Dept. of Commerce, Bureau of the Census

At the same time, permit authorizations in the multi-family sector continued showing solid gains, as has been the case for the past half-year. Although a lack of data prevents a thorough analysis for Pennsylvania, given trends at the national level, where several factors (i.e., tax reform) have pushed down activity in the multi-family sector, this is especially surprising.

The value of all permits for housing units authorized during the three-month period came to $670.9 million in Pennsylvania, a gain of 63 percent from the first quarter of 1986.

PA AND U.S. SINGLE-FAMILY HOUSING PERMIT GROWTH
(percent change from year-ago month)



SOURCE: U.S. DEPT. OF COMMERCE, BUR. OF THE CENSUS

Around the State

Northeastern Quarter

Allentown-Bethlehem

Economic conditions during this year's first quarter in the Allentown-Bethlehem metropolitan area fail to signal any real signs of overall strength, but there are no clear signs of any impending downturn, either. There continues to be a wide discrepancy with respect to job growth between the manufacturing and nonmanufacturing sectors. The good news comes from nonmanufacturing where job levels have risen almost continuously since 1983 after adjustment for normal seasonal variations. Based on historical trends, nonmanufacturing job levels should have declined by about 5,700 between last year's fourth quarter and the first quarter of 1987. In that the actual decline was only 3,900, to 185,800, the end result was a seasonally adjusted gain of 1,800 to another record high.

Construction activity remains quite strong as the number of jobs rose from 8,900 in the first quarter of 1986 to 10,600 in 1987:IQ. Contracts awarded for residential construction projects rose 31 percent to $64.6 million. Nonresidential contract values fell 7 percent to $29.1 million.

A good deal of these job gains are being offset by losses in manufacturing. Job levels in these industries have been on the decline since mid-1984. The 76,600 positions in these establishments in the first quarter represent a loss of 5,200 jobs from the same period a year ago. Even after adjusting for the normal seasonal ups and downs which occur, first quarter job levels represent an all-time low. The bulk of these declines have been occurring in the durable goods industries. In 1975, durable goods manufacturing accounted for nearly one-quarter of all nonagricultural jobs. In 1986, the figure was 14 percent.

The end result of these trends has been very little, albeit positive, job growth in the nonagricultural sector as a whole. Compared to a year ago, the number of nonfarm positions grew by 1.3 percent. In Pennsylvania, the growth rate was 1.9 percent while a 2.4 percent advance occurred in the nation.

At 4.8 percent, seasonally adjusted, in the first quarter, the jobless rate was down nearly one-half from a year ago and stood well below readings for Pennsylvania and the U.S. However, a good deal of the downward pressure on unemployment is attributable to a declining labor force. At the same time, employment of the region's residents, at 287,900, was off 2,700 from 1986:IQ.

Scranton-Wilkes-Barre

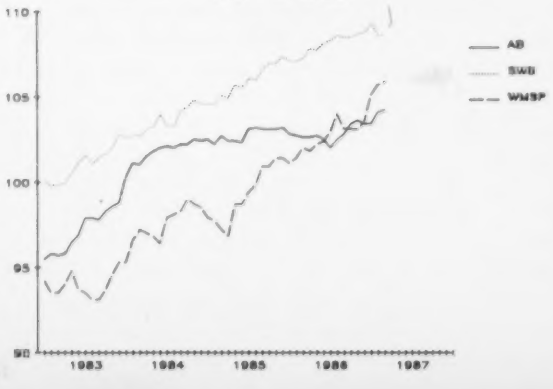
There was mixed news on the economic front in the Scranton-Wilkes-Barre area in the first quarter as the region's manufacturers continued experiencing problems. There were 71,200 jobs in manufacturing establishments during the January-March period, down from 72,200 a year earlier. After seasonal adjustment, a record low number of manufacturing positions were maintained during the first quarter. Surprisingly, job gains have been recorded in the durable goods sector. Over the 1986:IQ-1987:IQ period, 800 positions were added in these establishments. On the nondurables side, 1,800 jobs were lost.

At 38.6 hours, there is probably some slack in the average factory workweek. Workers already on payroll will probably put in longer hours before there are any new hires.

Good news keeps coming from the nonmanufacturing sector as job levels continued to increase following the recessions of the early 1980s. There were 206,600 nonmanufacturing jobs in the first quarter, up 5,200 from a year ago. Adjustment of the data for seasonality shows that there were record numbers of workers in the region's nonmanufacturing establishments during the first quarter. Service-producing industries, where the bulk of all new jobs are being created, realized a 2.3 percent job gain between the first three months of 1986 and the same period in 1987.

Construction activity in the region appears to be quite healthy. Compared to a year ago, residential construction contracts awarded in the first quarter were up 12 percent in value

INDUSTRY JOBS NORTHEASTERN QUARTER
1977 = 100.



Allentown-Bethlehem Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	287.9	108	108	109
Unemployed, no. of residents	16.3	72	86	130
Rate, seasonally adjusted	4.8			
Civilian labor force, no. of residents	304.2	105	106	110
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	262.5	104	104	103
Nonmfg. only, no. of jobs	185.8	128	126	122
Mfg. only, no. of jobs	76.6	71	72	76
Hrs. worked by production workers in mfg., *ave. weekly*	38.8	103	102	100
Industrial electric power sales				
Metropolitan area	***	105	108	104
Allentown	***	98	97	100
Bethlehem	***	111	116	108
Easton	***	104	103	99
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	64.6	+31		
Nonresidential contracts only	29.1	– 7		

[1]Lehigh, Northampton, and Carbon Counties, Pa., and Warren County, N.J.

to $37.7 million. For nonresidential contracts, the increase was 164 percent to $20.3 million. There were 8,900 jobs in the construction industry during the January-March period, up from 8,200 a year ago.

The end result of first quarter economic activity was an unemployment rate of 7.5 percent, seasonally adjusted. This is up 0.2 percentage point from the previous quarter, but down 1.3 points from a year ago. However, while the jobless rate has declined over the past year, it has not been the result of any overall gains in employment. In fact, the 304,900 residents officially counted as employed in the first quarter translates into a decline of 2,400 from a year ago.

Williamsport

Economic activity in the Williamsport metropolitan area economy continued a string of impressive performances in the first quarter as broad-based gains were realized. Although job levels are down from those which prevailed throughout the 1970's, manufacturing's recent performance has been especially encouraging given the problems experienced in most other regions of the Commonwealth. The 15,500 jobs in these industries during the January-March period represent a gain of 900 compared to a year ago. Job levels have increased in three of the past four quarters after seasonal adjustment. Over the course of the 1986:IQ-1987:IQ period, durable goods industries added about 500 workers and nondurables about 400.

These gains complement nicely the continued strength coming from nonmanufacturing where job levels rose to a record high after seasonal adjustment in the first quarter, the eighth straight quarterly advance. The 32,100 positions in these establishments during 1987:IQ translate into a gain of 1,000 from a year earlier. Service-producing industries appear to be fueling the expansion as the number of payroll jobs rose 2.7 percent from the year-earlier period.

Construction is also making a contribution to the economy's

Scranton-Wilkes-Barre Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents				
Metropolitan area	304.9	111	111	112
Lackawanna County[2]	94.0	107	108	108
Luzerne County[3]	136.8	106	106	107
Unemployed, no. of residents				
Metropolitan area	27.2	80	77	97
Rate, seasonally adjusted	7.5			
Lackawanna County[2]	7.5	71	72	87
Luzerne County[3]	13.3	87	82	104
Civilian labor force, no. of residents				
Metropolitan area	332.1	108	108	110
Lackawanna County[2]	101.5	104	104	106
Luzerne County[3]	150.2	104	104	107
Local industries, Metropolitan area *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	277.9	109	109	107
Nonmfg. only, no. of jobs	206.6	119	119	116
Mfg. only, no. of jobs	71.2	86	87	88
Hrs. worked by production workers in mfg., *ave. weekly*	38.6	n.a.	n.a.	n.a.
Industrial electric power sales				
Metropolitan area[4]	***	104	109	102
Lackawanna County[2]	***	119	121	111
Luzerne County[3]	***	95	96	94
Hazleton	***	87	89	83
Wilkes-Barre	***	98	99	101
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	37.7	+ 12		
Nonresidential contracts only	20.3	+164		

[1]Columbia, Lackawanna, Luzerne, Monroe, and Wyoming Counties
[2]Includes Scranton
[3]Includes Wilkes-Barre and Hazleton
[4]Excludes Wyoming County

overall health as job levels are on the rise. Nonresidential activity is especially strong based on trends in the value of construction contracts awarded. The $2 million in first quarter awards is nearly double the levels from a year ago. On the residential side, however, the $2.6 million in awards translates into a decline of about one-fifth on an annual basis.

Williamsport Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	50.4	111	110	110
Unemployed, no. of residents	3.9	70	81	97
Rate, seasonally adjusted	5.8			
Civilian labor force, no. of residents	54.2	107	107	109
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	47.6	106	103	102
Nonmfg. only, no. of jobs	32.1	116	115	112
Mfg. only, no. of jobs	15.5	89	85	84
Hrs. worked by production workers in mfg., *ave. weekly*	40.5	104	102	103
Industrial electric power sales	***	84	83	87
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	2.6	–21		
Nonresidential contracts only	2.0	+82		

[1]Lycoming County

Given these, mostly positive, trends, the drop in the unemployment rate, from a seasonally adjusted 6.7 percent in last year's fourth quarter to 5.8 percent in 1987:IQ, is not surprising. A year ago, the rate was 7.9 percent. At 50,400, there are about 200 more residents officially counted as employed compared to the year-earlier period. However, employment growth does appear to have slowed following a very strong first three quarters last year. Additionally, a decline in the labor force has also contributed to the fall in unemployment over the past year.

Southwestern Quarter

Altoona

Very moderate gains were posted in the Altoona regional economy during the first quarter, but considerable room for improvement remains. After adjustment for normal seasonal variations, the unemployment rate, at 7.5 percent, fell for the fifth consecutive quarter. In the first quarter of 1986, the jobless rate was 10.4 percent. Over the 1986:IQ-1987:IQ period, employment rose by a very slight 100 to 51,100. Discounting the normal seasonal patterns which tend to depress employment levels around the first of the year shows that employment is hovering at a fairly high level. At the same time, the number of residents counted as unemployed fell by a much larger 1,800. Hence, a good deal of the recent improvement in the unemployment numbers is the result of a net outflow from the labor force.

Unlike the situation throughout most of Pennsylvania, manufacturing is holding its own in terms of jobs, albeit at a fairly low level. The 10,600 positions in the first quarter are unchanged from a year ago. Statewide, there was a 2.6 percent decline. In that the average factory workweek, at 38.8 hours, is fairly low, it is quite probable that current workers will work longer hours before any significant additional hiring occurs.

The good news continues to come from the nonmanufacturing sector. The 37,800 workers in these establishments during the January-March period compare quite favorably with the 36,600 of a year ago. Steady improvement has been shown since the back-to-back recessions of the early 1980s. Growth has been quite strong in the service-producing area

Altoona Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	51.1	102	102	102
Unemployed, no. of residents	4.9	107	110	150
Rate, seasonally adjusted	7.5			
Civilian labor force, no. of residents	56.0	103	102	106
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	48.4	98	97	96
Nonmfg. only, no. of jobs	37.8	103	102	100
Mfg. only, no. of jobs	10.6	84	82	84
Hrs. worked by production workers in mfg., *ave. weekly*	38.8	103	102	103
Industrial electric power sales	***	76	72	77
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	3.0	−32		
Nonresidential contracts only	3.2	+14		

[1]Blair County

where the number of jobs grew 2.7 percent compared to 1986:IQ.

Although some employment gains have been registered, construction activity was mixed in the first quarter based upon the value of contracts awarded. A 14 percent increase from last year's first quarter was turned in on the nonresidential side while contract values fell by nearly one-third for residential construction projects.

In sum, the Altoona area economy appears stuck in a slow-growth track, but it is growing. There just appears to be no likely source from which enough strength can be generated to push the economy ahead at a much faster pace.

Johnstown

At best, the Johnstown regional economy turned in very modest gains in this year's first quarter as it continues struggling in adjusting to major structural changes. There was little change in the overall employment/unemployment situation.

Johnstown Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	82.0	88	88	88
Unemployed, no. of residents	9.2	73	74	110
Rate, seasonally adjusted	8.5			
Civilian labor force, no. of residents	91.3	86	86	90
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	75.5	88	87	86
Nonmfg. only, no. of jobs	62.9	97	96	95
Mfg. only, no. of jobs	12.7	61	60	58
Hrs. worked by production workers in mfg., *ave. weekly*	38.2	99	99	94
Industrial electric power sales	***	172	173	158
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	5.6	−36		
Nonresidential contracts only	2.8	−87		

[1]Cambria and Somerset Counties

The jobless rate, at a seasonally adjusted 8.5 percent, was down just 0.1 percentage point from the previous quarter. Resident employment and unemployment also held fairly steady relative to 1986:IVQ. However, compared to a year ago, there was considerable movement. The jobless rate fell 3.8 percentage points over the period as the number of unemployed fell by 4,000. However, the number of residents counted as employed rose by only 400 to 82,000. Hence, much of the drop in unemployment came about as the result of a rather large decline in the labor force, which is not a sign of a strong economy.

Very minimal job gains have been realized in the manufacturing and nonmanufacturing sectors over the past several months. On the nonmanufacturing side, the 62,900 jobs which were maintained in the first quarter translate into a gain of 2.4 percent, or 1,500 from a year earlier. Statewide, the increase was 3.2 percent. As far as service-producing jobs go, the region turned in a 2.2 percent gain, well below the 2.9 percent increase for all of Pennsylvania.

Surprisingly, manufacturing job levels have held pretty steady since around 1983/1984. Unfortunately, they have stabilized at a historically low level. The 12,700 positions in these establishments represent an increase of 800 from a year ago. Comparable data go back to 1962, and until recently, job levels have never been this low. First quarter's 38.2 hour average factory workweek will probably have to rise before any significant upward pressure is put on hiring activity.

At 2,100 in the first quarter, job levels in the region's construction industry were up about 100 from 1986:IQ. However, the value of both residential and nonresidential construction contracts were off considerably from a year ago.

Pittsburgh[1]-Beaver Valley[2] Area

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'87	*1 Q.'87*	*4 Q.'86*	*1 Q.'86*
Employment *(in thousands)*				
Employed, no. of residents				
Pittsburgh[1]	851.8	101	100	101
Beaver County	54.2	65	66	67
Unemployed, no. of residents				
Pittsburgh[1]	73.8	108	108	129
Beaver County	6.7	101	105	154
Unemployment Rate, seas. adj.				
Pittsburgh[1]	7.2			
Beaver County	10.5			
Civilian labor force, no. of residents				
Pittsburgh[1]	925.6	102	101	103
Beaver County	60.9	68	69	74
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs				
Pittsburgh[1]	836.3	98	97	97
Beaver County	49.8	66	66	68
Nonmfg. only, no. of jobs				
Pittsburgh[1]	710.4	112	110	109
Beaver County	39.6	106	106	105
Mfg. only, no. of jobs				
Pittsburgh[1]	124.6	57	57	61
Beaver County	9.6	26	26	31
Hrs. worked by production workers in mfg., *ave. weekly*				
Pittsburgh[1]	41.0	n.a.	n.a.	n.a.
Beaver County	41.6	n.a.	n.a.	n.a.
Industrial electric power sales	***	50	54	63
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only				
Pittsburgh[1]	78.8		−20	
Beaver County	2.3		−43	
Nonresidential contracts only				
Pittsburgh[1]	152.3		+25	
Beaver County	0.8		++	

[1]Allegheny, Fayette, Washington and Westmoreland Counties
[2]Beaver County

Pittsburgh-Beaver Valley

The economy of the Pittsburgh-Beaver Valley metropolitan area continued on the long road back from the back-to-back recessions of the early 1980s during this year's first quarter. Unfortunately, the expansion has been very slow and uneven. Although Beaver County's unemployment rate during the January-March period, at 10.5 percent, seasonally adjusted, was down 4.5 percentage points from a year ago, the drop was solely the result of a net outflow from the labor force. Employment actually fell over the period. Additionally, the jobless rate is the highest among the State's 15 metropolitan areas. The unemployment rate is also falling in the four-county Pittsburgh area. At a seasonally adjusted 7.2 percent for the first quarter, the rate was down 0.1 percentage point from the previous quarter and 1.3 points from a year ago. Although employment in the region has been increasing slightly, a good deal of the drop in the unemployment rate is attributable to declines in the labor force, which is not a sign of a healthy economy.

The source of the overall economic sluggishness in the region may be traced to the manufacturing sector. Job levels in these establishments continue on a downward trend and stand at all-time lows. No rebound is yet in sight, but the best that can probably be hoped for is a cessation of job losses rather than any net gains.

On the bright side, given the relatively long average factory workweeks, 41 hours in Pittsburgh and 41.6 hours in Beaver County, should any increase in production occur, additional workers may be hired.

Luckily, nonmanufacturing job gains continue to offset at least some of manufacturing's losses. In fact, in the Pittsburgh region, 19,100 jobs were added in these establishments over the 1986:IQ-1987:IQ period, settling at 710,400. After adjusting for seasonality, this represents an all-time high. Nonmanufacturing job levels are also on the rise in Beaver County, although the gains have not been as pronounced as elsewhere. The 39,600 positions in these establishments fall short of pre-recessionary levels. Within nonmanufacturing, the service-producing industries are showing some gains, but not to the same degree as in the State as a whole. In Pittsburgh, there was a 2.2 percent year-to-date service-producing job gain, while in Beaver County, a 0.4 percent increase was turned in.

On the construction front, nonresidential activity appears to be up based on the value of contracts awarded in the first quarter. However, just the opposite is true for residential construction. For the first quarter, construction employment in the Pittsburgh region was up 14.7 percent from a year ago to 37,000.

State College Area[1]

	Ave. mo. value	Average monthly index seas. adj. (1977 = 100)		
	1 Q.'87	*1 Q.'87*	*4 Q.'86*	*1 Q.'86*
Employment *(in thousands)*				
Employed, no. of residents	52.7	129	127	128
Unemployed, no. of residents	3.1	105	113	139
Rate, seasonally adjusted	4.9			
Civilian labor force, no. of residents	55.8	127	126	129
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	51.0	127	126	124
Nonmfg. only, no. of jobs	43.7	130	128	125
Mfg. only, no. of jobs	7.3	113	111	119
Hrs. worked by production workers in mfg., *ave. weekly*	39.5	n.a.	n.a.	n.a.
Industrial electric power sales	***	108	115	105
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	14.4	+13		
Nonresidential contracts only	8.3	−36		

[1]Centre County

State College

Based on first quarter trends, economic activity in the State College region appears to have reached a rather lofty plateau. Nonagricultural job levels rose once again as both the manufacturing and nonmanufacturing sectors made contributions. As is the case throughout much of the Commonwealth, the bulk of all new jobs are being generated in the nonmanufacturing sector. The 43,700 positions in these establishments during the January-March period translates into a gain of 1,600 from a year ago. After discounting for seasonality, first quarter job levels represent a record high. An especially strong performance has been turned in by the service-producing industries.

The construction industry has also contributed to nonmanufacturing's overall health. First quarter job levels, at 1,500, were up by about 100 from 1986:IQ. On the residential side, the value of contracts awarded in the first quarter was up 13 percent compared to the same period a year ago. Surprisingly, nonresidential contract values were down by more than one-third.

Although they are certainly not booming, the region's manufacturers are holding their own. The 7,300 manufacturing jobs in the first quarter were off by 300 from a year ago, but they were up by 200 from the previous quarter. These industries just don't appear to be holding the economy back to the same degree as in the State as a whole.

The economy's strength is reflected in a seasonally adjusted 4.9 percent jobless rate for the first quarter. This is down 1.5 percentage points from a year ago. Employment gains continue to be recorded, but the increases are slowing. The 52,700 residents counted as employed in the first quarter represent a gain of 0.4 percent from a year ago. For 1986 as a whole, the increase was 4.7 percent. One sore spot is found in the labor force, which was down from a year ago. However, the general trend in the labor force is up, so this is probably not the start of a trend.

Northwestern Quarter

Erie

Based upon trends in 1987's first quarter, the Erie regional economy appears to be spinning its wheels, although talk of an impending downturn is probably premature. One bright spot appears to be construction, as the value of contracts for residential projects rose 24 percent compared to the first quarter of 1986 to $11.3 million. On the nonresidential side, the $18.5 million in contracts represents a gain of 176 percent from a year ago.

All told, there were 73,600 positions in the region's nonmanufacturing establishments for a 2.1 percent gain compared to a year ago. In Pennsylvania as a whole, a 3.2 percent gain was registered. Still, after adjusting for normal seasonal trends which occur year-after-year, record numbers of people are holding jobs in the Erie area nonmanufacturing sector. In the region's two largest nonmanufacturing industries, services and trade, job gains of 3.8 and 0.7 percent were realized in the first quarter relative to a year ago.

Unfortunately, the signals coming from manufacturing cloud the overall economic picture. The 34,300 jobs in these establishments fall 1,300 short of year-ago levels, as the strike at Kaiser Aluminum depressed job numbers. In fact, after adjusting for seasonality, manufacturing job levels were very close to an all-time low in this year's first quarter. Durable goods industries have accounted for the bulk of the job losses.

Despite these difficulties on the job front, production in the region's manufacturing establishments has probably at least held steady as of late. There has been an upward trend in electricity sales to industry, which is a good barometer of industrial production, since 1983. Furthermore, in that the average factory workweek stood at 41.6 hours, the second highest among the State's 15 metropolitan areas, any further significant increases in production may result in a rise in hiring activity.

Unemployment remains a problem in the region. At a seasonally adjusted 7.9 percent, the unemployment rate was unchanged from the previous quarter and down 0.4 point from a year ago. At the same time, however, resident employment has been on the decline. The 113,200 residents counted as employed in the first quarter represents a fall of 2,300 from a year ago. Hence, a good deal of the decline in unemploy-

Erie Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	113.2	105	105	107
Unemployed, no. of residents	10.6	108	110	118
Rate, seasonally adjusted	7.9			
Civilian labor force, no. of residents	123.9	105	105	108
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	108.1	100	100	100
Nonmfg. only, no. of jobs	73.6	112	111	110
Mfg. only, no. of jobs	34.3	80	81	84
Hrs. worked by production workers in mfg., *ave. weekly*	41.6	102	101	102
Industrial electric power sales	***	100	99	101

Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd
Residential contracts only	11.3	+ 24
Nonresidential contracts only	18.5	+176

[1]Erie County

ment over the past year is attributable to a shrinking labor force as opposed to any significant gains in employment.

Sharon

There were some positive developments in the Sharon regional economy during this year's first quarter, but, for the most part, the economy has a good deal to go before prerecessionary levels of economic activity are reached. At a seasonally adjusted 8 percent during the January-March period, the unemployment rate was down 0.2 percentage point from the previous quarter and 0.7 point from a year ago. However, although it did rise slightly after seasonal adjustment from last year's fourth quarter, resident employment was down from a year ago. At 43,500, the number of residents officially counted as employed was off by 300 from the first quarter of 1986. Furthermore, the downward trend in the labor force is not indicative of an especially strong economy.

As has been the case as of late, the economy's problems, at least on the job front, are the result of weakness in manufacturing. The recovery following the back-to-back recessions of the early 1980s was only temporary as manufacturing job levels have declined steadily from late 1984. The 8,900 positions in these establishments during 1987:IQ are down by 800 from the same period in 1986. Seasonally adjusted job levels stood at a record low during the January-March period.

Sharon Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	43.5	94	92	94
Unemployed, no. of residents	4.4	99	99	106
Rate, seasonally adjusted	8.0			
Civilian labor force, no. of residents	47.8	94	93	95
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	39.7	90	89	89
Nonmfg. only, no. of jobs	30.8	109	107	105
Mfg. only, no. of jobs	8.9	55	55	60
Hrs. worked by production workers in mfg., *ave. weekly*	40.2	n.a.	n.a.	n.a.
Industrial electric power sales	***	94	105	97

Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd
Residential contracts only	1.3	−61
Nonresidential contracts only	1.5	−81

[1]Mercer County

Activity in the nonmanufacturing sector continues to grow as seasonally adjusted job levels rose for the 11*th* consecutive quarter to stand at a record high. The 30,800 nonmanufacturing jobs in the first quarter represent a gain of 1,200 from a year ago. Over the course of the year, job gains in the two largest nonmanufacturing industries, services and trade, amounted to 800 and 600, respectively.

Based on recent job trends, construction activity in the region is up. At 1,000, the number of construction jobs in the first quarter stood 300 higher than a year ago. However, the value of construction contracts awarded was down over the same period. On the residential side, the drop came to 61 percent, while on the nonresidential side, it was 81 percent.

Southeastern Quarter

Harrisburg-Lebanon-Carlisle

One is hard-pressed to find much cause for concern in the Harrisburg-Lebanon-Carlisle economy as another solid performance was turned in during this year's first quarter. At a seasonally adjusted 3.2 percent, the region maintained the second lowest jobless rate among the State's 15 metropolitan areas. Employment rose by 6,800 residents from 1986:IQ to stand at 286,100. This gain was strong enough to reduce the number of unemployed by 5,700 and absorb an increase in the labor force of 1,100 residents.

The news coming from nonmanufacturing continues to be encouraging. These establishments accounted for 234,600 jobs in the first quarter, up 9,500 from a year ago. After adjusting for seasonality, nonmanufacturing job levels have risen almost continuously since 1983 after holding fairly steady through the back-to-back recessions of the early 1980s. Service-producing industries have made great strides. Over the course of the 1986:IQ-1987:IQ period, these industries realized a 3.8 percent job gain.

Even on the manufacturing side, the job picture does not

appear to be as discouraging as in the Commonwealth as a whole. The 50,700 jobs in these establishments during the first quarter are unchanged from a year ago. After seasonal adjustment, job levels have increased slightly in each of the past three quarters. The food products industry continues doing well as the number of positions averaged 11,400 over the January-March period. During last year's first quarter, the comparable figure was 11,200. Still, the manufacturing sector is far from booming. Although job levels are holding fairly steady, they fall well short of pre-recessionary readings.

Construction activity in the region remains quite healthy. There were 10,600 jobs in the first quarter of 1987 compared to 9,200 during the same period in 1986. At $40.8 million, contract values for residential projects were unchanged from a year ago while nonresidential contracts, at $185.3 million, were up more than 400 percent in value.

Lancaster

Broad-based gains were realized in the Lancaster regional economy during this year's first quarter. While much of the rest of the State continues to suffer manufacturing job declines, Lancaster manufacturers realized their sixth consecutive quarterly job gain after seasonal adjustment. All told, the 59,200 positions in these establishments during the January-March period were up by 2,000 from a year earlier. Surprisingly, much of the gain is occurring in the durable goods industries where job levels were up 4.2 percent from a year ago. Nondurable goods jobs were up 2.5 percent over the same period.

The bulk of all job gains continue to come from the nonmanufacturing sector. There were 6,000 more positions in these establishments in this year's first quarter relative to the same period in 1986 as job levels settled at 115,000. After adjustment for normal seasonal variations, there were a record number of nonmanufacturing jobs in the first quarter. The largest industry, trade, realized a 3.8 percent job gain on an annual basis during the three-month period.

Gains are also being realized on the construction front. Nonresidential contract awards more than doubled in value compared to a year ago in reaching $18.9 million. Residential awards, at $42 million, were up 13 percent. Construction jobs totalled 9,200 for the quarter, up 1,100 from a year earlier.

All of this good news is reflected in the lowest unemployment rate in the Commonwealth, 2.3 percent after seasonal adjustment. This is down from 3.7 percent a year ago. Employment grew by 4,300 residents over the same period, reaching a total of 196,400. After these numbers are discounted for seasonality, a record level of employment was maintained in the first quarter, the seventh time in the last eight quarters this has happened.

Harrisburg-Lebanon-Carlisle Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	286.1	117	114	114
Unemployed, no. of residents	11.6	65	74	102
Rate, seasonally adjusted	3.2			
Civilian labor force, no. of residents	297.7	114	112	113
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	285.3	118	117	114
Nonmfg. only, no. of jobs	234.6	125	123	120
Mfg. only, no. of jobs	50.7	94	93	94
Hrs. worked by production workers in mfg., *ave. weekly*	39.8	n.a.	n.a.	n.a.
Industrial electric power sales	***	77	72	66
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	40.8	0		
Nonresidential contracts only	185.3	+416		

[1]Cumberland, Dauphin, Lebanon, and Perry Counties

Lancaster Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	196.4	129	128	126
Unemployed, no. of residents	5.7	58	71	92
Rate, seasonally adjusted	2.3			
Civilian labor force, no. of residents	202.2	125	125	124
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	174.3	126	124	120
Nonmfg. only, no. of jobs	115.0	139	137	132
Mfg. only, no. of jobs	59.2	106	105	102
Hrs. worked by production workers in mfg., *ave. weekly*	40.3	102	102	100
Industrial electric power sales	***	128	134	126
Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd		
Residential contracts only	42.0	+ 13		
Nonresidential contracts only	18.9	+105		

[1]Lancaster County

Philadelphia

Economic activity continued at a high pace during this year's first quarter in the Philadelphia region. Although no new growth spurt appears in sight, there is also nothing pending that is expected to knock the economy from its high perch, either. Construction is certainly a strong point in the regional economy. Residential contracts awarded in the first quarter were up 50 percent compared to the first three months of 1986 and a 32 percent gain was turned in on the nonresidential side. Also, at 91,500, there were 13,100 more construction jobs than a year ago.

In nonmanufacturing as a whole, job levels continued on an upward track. The more than 1.7 million positions represent a gain of 4.2 percent from 1986:IQ. Statewide, the increase was 3.2 percent. Job levels in these industries have increased almost nonstop for the past four years. Service-producing industries maintained 3.6 percent more positions than in the year-earlier period. In Pennsylvania as a whole, the gain came to 2.9 percent.

What problems there are in the economy can be found in the manufacturing sector. About 8,100 jobs were lost between the first quarter of 1986 and the same period in 1987, leaving job levels at 377,700. After seasonal adjustment, first quarter job levels represent an all-time low. The two largest manufacturing industries, nonelectrical machinery and electronic equipment, lost 5.4 and 4.9 percent of their jobs com-

Philadelphia Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	2213.3	119	119	118
Unemployed, no. of residents	111.9	61	62	74
Rate, seasonally adjusted	4.6			
Civilian labor force, no. of residents	2325.2	114	114	114
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	2111.6	117	116	113
Nonmfg. only, no. of jobs	1732.7	127	126	122
Mfg. only, no. of jobs	377.7	85	85	87
Hrs. worked by production workers in mfg., *ave. weekly*	40.7	103	102	101
Industrial electric power sales	***	100	100	101

Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd
Residential contracts only	424.8	+50
Nonresidential contracts only	403.7	+32

[1]Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties, Pa., and Burlington, Camden, and Gloucester Counties, N.J.

Reading Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	156.1	117	117	116
Unemployed, no. of residents	8.5	84	93	134
Rate, seasonally adjusted	4.6			
Civilian labor force, no. of residents	164.6	115	115	117
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	145.2	112	110	108
Nonmfg. only, no. of jobs	96.9	122	121	116
Mfg. only, no. of jobs	48.3	95	94	95
Hrs. worked by production workers in mfg., *ave. weekly*	41.0	105	105	102
Industrial electric power sales	***	129	130	126

Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd
Residential contracts only	20.5	– 6
Nonresidential contracts only	3.9	–89

[1]Berks County

pared to last year's first quarter, respectively. However, industrial power sales are holding fairly steady at a relatively high level, which suggests that production is holding its own.

At a seasonally adjusted 4.6 percent, the region's unemployment rate stands well below the readings for both the State and the nation. The jobless rate is a full percentage point below levels from a year ago. A strong showing on the employment front has helped drive unemployment down. More than 2.2 million residents were employed in the first quarter, up by 24,100 from a year ago. This pushed down the number of unemployed by 23,200 and paved the way for the net inflow of about 900 residents into the labor force.

Reading

Although there are a few question marks, for the most part, economic conditions in the Reading metropolitan area appear to be quite favorable based on first quarter activity. There were 1,700 more residents counted as employed in this year's first quarter relative to a year ago. All told, employment grew to 156,100. After discounting normal seasonal trends, first quarter employment was at an all-time high. This helped push the unemployment rate down to 4.6 percent, seasonally adjusted. A year ago, the rate was 7.2 percent, while in the previous quarter, it was 5.1 percent. However, on the negative side, sluggish growth in the labor force has contributed to recent declines in unemployment. Still, the long-run trend in the labor force appears to be up.

Manufacturing job levels appear to be holding steady. Compared to a year ago, the 48,300 positions in 1987:IQ represent a gain of 100 jobs. This is somewhat encouraging given the sharp declines in the State as a whole. In the region's largest manufacturing industry, electronic equipment, job levels held steady between the first quarter of 1986 and the same period in 1987. Nondurable goods manufacturers seem to be turning in the best performance as 400 jobs were added in these industries over the same period.

While manufacturers as a whole are just holding their own, the region's nonmanufacturers continue adding workers. The 96,900 workers in these establishments during the first quarter represent a gain of 4,800 from a year ago. After seasonal adjustment, nonmanufacturing job levels currently stand at a record high as they have increased almost nonstop since 1983. The largest nonmanufacturing industry, trade, added 1,300 positions over the year, while the services industry added an additional 1,300 workers.

On the construction front, while job levels appear to be up, the value of contracts awarded in the first quarter was down from a year ago. Residential contracts were valued at $20.5 million, down 6 percent, while nonresidential awards were off 89 percent to $3.9 million.

York

For the most part, things were looking up for the York regional economy during this year's first quarter. Total nonagricultural jobs rose on the strength of further gains in nonmanufacturing employment. The number of positions in these establishments rose to another record high after discounting for normal seasonal variations. The 107,300 nonmanufacturing jobs maintained during the January-March

York Area[1]

	Ave. mo. value 1 Q.'87	Average monthly index seas. adj. (1977 = 100) 1 Q.'87	4 Q.'86	1 Q.'86
Employment *(in thousands)*				
Employed, no. of residents	190.8	127	126	127
Unemployed, no. of residents	8.6	74	84	116
Rate, seasonally adjusted	3.6			
Civilian labor force, no. of residents	199.4	124	124	126
Local industries *(in thousands)*				
All nonagricultural ind., no. of wage and salary jobs	164.4	117	117	115
Nonmfg. only, no. of jobs	107.3	133	131	127
Mfg. only, no. of jobs	57.0	96	96	98
Hrs. worked by production workers in mfg., *ave. weekly*	42.2	103	101	102
Industrial electric power sales	***	113	114	108

Construction contracts awarded *(in millions of dollars)*	'87 Ytd (Jan-Mar)	Pct Change From Year-Ago Ytd
Residential contracts only	28.3	+25
Nonresidential contracts only	14.1	–44

[1]Adams and York Counties

period compares quite favorably with the 102,900 from a year earlier. Over the same period, service-producing job levels rose from 95,300 to 98,900 in leading the way.

Construction also appears to be turning in a solid performance as of late. About 800 jobs were added over the year ending with the first quarter, leaving the number of positions at 8,000. Over the same period, residential construction contracts were up one-fourth in value to $28.3 million. Nonresidential contract values, on the other hand, were down 44 percent to $14.1 million.

Although jobs rose slightly on a seasonally adjusted basis with respect to last year's final quarter, the region's manufacturers are having their fair share of problems. The 57,000 establishment-related jobs in this sector during the first quarter were down by 700 from 1986:IQ. Still, the problems facing these industries in the region do not appear to be quite as severe as those in other areas of the Commonwealth. Relative to 1983:IQ, which is just about the time the recession was bottoming out, manufacturing jobs in the York region are up 4.8 percent. Statewide, a 4.4 percent loss occurred.

Electricity sales to industry, a good indicator of production trends, are on an upward track despite a very slight fall from the fourth quarter of 1986 which suggests that recent job losses may have exaggerated the true problems facing the sector. Additionally, in that the average factory workweek stands at 42.2 hours, the highest among the State's 15 metropolitan areas, any additional gains in production will probably put some upward pressure on hiring activity in the manufacturing sector.

Given all of this good news, the region was able to maintain an unemployment rate of 3.6 percent, seasonally adjusted, in the first quarter. This is the third lowest reading among the State's 15 metropolitan regions and is down two full percentage points from a year ago. However, some of the decline is the result of a net outflow from the labor force. On the employment front, there was just a slight gain of 200 to 190,800 in resident employment from 1986:IQ as the gains seem to have slowed following a very strong 1986.

— *William D. Anderson*

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